

Town of Whitby

Staff Report

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Report Title: PDE 04-25 Des Newman Boulevard and Rossland Road – Financial Reconciliation

Report to: Committee of the Whole

Date of meeting: May 12, 2025

Report Number: PDE 04-25

Department(s) Responsible:

Planning and Development Department
(Engineering Services)

Financial Services Department

Submitted by:

Roger Saunders, Commissioner,
Planning & Development, x4309

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**Acknowledged by M. Gaskell,
Chief Administrative Officer**

For additional information, contact:

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1. Recommendation:

1. That the final project cost of the Des Newman Boulevard and Rossland Road works completed by the West Whitby Landowners Group (“WWLG”) and Region of Durham, in the amount of \$36,306,982 (as outlined in Table 5 of Staff Report PDE 04-25) be approved;
2. That the budget shortfall in Capital Project # 40256058, in the amount of \$ 2,373,427 (as outlined in Table 5 of Staff Report PDE 04-25), be funded from the Development Charges Roads and Related Town-wide Infrastructure Reserve Fund (“DC Roads RF”);
3. That the Ontario Ministry of Transportation’s (“MTO”) outstanding reimbursement for the MTO portion of Des Newman Boulevard / Coronation Road and Rossland Road works, in the amount of \$8,875,817 (as outlined in Table 4 to Staff Report PDE 04-25), be funded from the DC Roads RF to be offset by any future recoveries from the MTO;

4. That staff be authorized to negotiate, and the Mayor and Clerk be authorized to execute, one or more agreements with the WWLG to close the Development Charges Works Funding and Reimbursement Agreement (“WWLG Agreement”) for the Des Newman Boulevard and Rossland Road works, and to indemnify each other for future claims and costs related to the project, all in a form that is satisfactory to the Commissioner of Financial Services and Treasurer (or designate) and the Commissioner of Legal and Enforcement Services/Town Solicitor (or designate); and,
5. That staff be authorized to negotiate and finalize, and the Mayor and Clerk be authorized to execute, one or more cost sharing agreements with the WWLG and/or Ministry of Transportation (“MTO”) for the Environmental Compensation Works required for the Des Newman Boulevard Project in a form that is satisfactory to the Commissioner of Financial Services and Treasurer (or designate) and the Commissioner of Legal and Enforcement Services/Town Solicitor (or designate).

2. Highlights:

WWLG Agreement:

- The Town entered into a Development Charges Works Funding and Reimbursement Agreement with WWLG in June 2017.
- The proposed work included the following:
 - Construction of Des Newman Boulevard, from Dundas Street to Taunton Road; and,
 - Construction of the widening of Rossland Road, between McQuay Boulevard and Lake Ridge Road.
- WWLG has now substantially completed the work and are requesting final reimbursement from the Town. Town staff have completed the review and confirmation of the completed works and requested reimbursement amount.
- To date, the Town has issued reimbursement to WWLG in the amount of \$33,652,058. The final reconciled amount to be reimbursed to WWLG is \$36,002,938. A remaining final reimbursement of \$2,350,880 is recommended to be issued to WWLG, upon approval of this report and the proposed budget adjustment.

MTO Agreements:

- The Town entered into an agreement with MTO for the following Projects within the West Whitby Community Secondary Plan:
 - Realignment of Coronation Road (Des Newman Boulevard) (July 2015); and,

- Realignment of Rossland Road (August 2021).
- The realignment of Coronation Road and Rossland Road was required as a result of the extension of Hwy 407 and the construction of Hwy 412, as identified in the Hwy 407 EA.
- The Town of Whitby, in collaboration with the WWLG has now substantially completed the work and have been working with MTO to review and finalize the total project cost and issue the final invoices.
- The Town has up-fronted the MTO portion of works to the WWLG and is seeking to recover a balance of \$8,875,817 from the MTO
- In addition, the Town will negotiate with MTO to fund a future project for environmental compensation work required for the Des Newman Project.

Regional Intersection Improvements:

- The intersection improvements on Des Newman Boulevard and Rossland Road are works required to support the proposed growth within the West Whitby Community Secondary Plan. To date, Durham Region has completed the remaining intersection work at the following locations:
 - Des Newman Boulevard & Dundas Street;
 - Des Newman Boulevard & Taunton Road; and,
 - Rossland Road & Lakeridge Road.
- The work included the traffic signal works required for these Regional Intersections.
- To date, the Town has paid the Region \$281,499 for these works and owes a final invoice in the amount of \$22,546.

Environmental Compensation (Des Newman Boulevard):

- As part of the Des Newman Boulevard Project, an Environmental Compensation Plan was prepared to address the environmental compensation requirements from Central Lake Ontario Conservation Authority (CLOCA) and Fisheries, Oceans Canada (DFO) and the Ministry of Natural Resources and Forestry (MNRF). This compensation plan is to be implemented as part of the Des Newman Construction. The cost of the Environmental Compensation Plan is to be shared between the Town, WWLG and MTO.
- A high level cost estimate has been prepared by WWLG for the environmental compensation works, including the share for each party. The high level cost estimate for the works is in the order of \$8,292,000.
- Town staff are continuing to review and negotiate the environmental compensation plan with MTO and WWLG separately, to determine the share for each party.

3. Background:

WWLG Agreement

As part of the development within the West Whitby Community Secondary Plan, it was identified that the construction of a new north-south arterial road (New Des Newman Boulevard, from Dundas Street to Taunton Road) and the construction of the widening of Rossland Road, between McQuay Boulevard and Lake Ridge Road, are critical infrastructure required for the transportation network to support the proposed development in the area.

The WWLG and the Town entered into a Development Charges Works Funding and Reimbursement Agreement in June 2017. The agreement specified that WWLG will be responsible for the construction of Des Newman Boulevard and the widening of Rossland Road, with reimbursement by the Town through Development Charges collected from the WWLG area.

The construction for Des Newman Boulevard commenced in August 2017 and was substantially completed in October 2019. The section of the road from Dundas Road to Rossland Road was opened to the public in December 2019, and the section from Twin Streams to Taunton Road was opened to the public in November 2020.

The construction of the widening of Rossland Road commenced in July 2018 and was completed in December 2018. Town staff and WWLG are working towards accepting the completed works for Des Newman Boulevard and Rossland Road in accordance with the agreement.

The works for Des Newman Boulevard and Rossland Road were completed by WWLG and the Town is to issue reimbursement to WWLG upon completion of the work. In addition, there are components of the work that are a responsibility of MTO. To avoid indexing (e.g. equivalent of interest charges on balancing owing to the WWLG for completed works), the Town paid/up-fronted most of MTO share and has not been fully repaid by the MTO at this time.

Since the work commenced in 2018, the Town has issued a number of reimbursement payments to WWLG for completed works in accordance with the agreement. In December 2024, Town staff and WWLG representatives finalized the reimbursement amount for the work.

A Capital Budget for the WWLG Outstanding Reconciliation Costs was approved as part of the 2025 Budget request in the amount of \$6,335,723. The estimated amount at that time was to cover the remaining cost of the final reimbursement to WWLG and the anticipated recoveries from the MTO agreements. Subsequent to the final review and reconciliation between the Town and WWLG, the budgeted amount was determined to be insufficient to cover the final cost of the reimbursement. Also, as noted above, the Town has not recovered all funds, from the MTO, related to their share of the overall project.

MTO Agreements

As part of the MTO's Hwy 407 EA / Hwy 412 Projects, it was identified that two (2) of the Town of Whitby Roads (Coronation Road (Des Newman Boulevard) and Rossland Road) were required to be realigned to accommodate the Hwy 407 / Hwy 412 projects.

The works for Hwy 407 and Hwy 412 are now complete as well as the works on Des Newman Boulevard and Rossland Road.

Town staff have been in discussions with MTO staff since the completion of the Des Newman Boulevard and Rossland Road works and are in the process of reviewing and finalizing the costs.

A summary of the MTO cost, amounts paid to date and outstanding invoice amounts are shown in the Discussion section (Table 4) of this report.

Regional Works

As part of the West Whitby Major Roads EA Project, Town and Region staff reviewed the requirements for traffic signals and it was determined that signals were required at the following intersections:

- Des Newman Boulevard & Taunton Road;
- Des Newman Boulevard & Dundas Street; and,
- Rossland Road & Lake Ridge Road.

The traffic signal works at these intersections have been completed and the Region has issued the final invoices of the work to the Town.

In addition to the three (3) intersection locations above, the WWLG have also completed the intersection improvements for four (4) Regional intersections and the costs associated with these works are included in the WWLG reconciliation. The four (4) locations are as follows:

- Rossland Road and Coronation Road;
- Rossland Road and McQuay Boulevard;
- Taunton Road and Coronation Road; and,
- Des Newman Boulevard and Rossland Road.

Environmental Compensation (Des Newman Boulevard)

The Environmental Compensation Plan was prepared by WWLG, in consultation with Town staff. A detailed review and discussions were conducted with CLOCA, DFO and MNR to determine the environmental compensation requirements for the construction of Des Newman Boulevard. The main environment compensation plan included the following works:

- Wetland Creation;
- Woodland Enhancements;
- Invasive Species Management;

- Channel Rehabilitation;
- Tree Planting / Restoration Planting;
- Post Construction Monitoring; and,
- Others.

In addition to the above, all the required approvals to complete the work has been issued by all agencies.

The proposed work is to be completed by the Town and the schedule for the work will be identified as part of the updated Engineering Capital Program.

4. Discussion:

The total cost of the Des Newman Boulevard and Rossland Road works is \$36,306,982 and is comprised of:

Part A: \$36,002,938 - Works completed by the WWLG

Part B: \$304,045 – Region of Durham Intersection Works

Further, environmental compensation works will be required related to the Des Newman Boulevard works, currently projected to be \$8,292,000, as outlined in **Part C**, below.

Part A: WWLG Agreement

Upon completion of the Des Newman Boulevard and Rossland Road works in 2023, Town staff have been working closely with the WWLG and their representatives to review and validate all the costs associated with the work, in accordance with the Development Charges Works Funding and Reimbursement Agreement. The required documentation and supporting information was provided to the Town, and staff completed the final review, and provided the final recommended amount, in December 2024.

As of December, 2024, the Town Engineering staff and WWLG jointly reconciled and agreed to the following:

Table 1 – Des Newman Boulevard and Rossland Road Costs

\$36,002,938	Cost of the total works completed by the WWLG in accordance with the WWLG Agreement (\$20,355,408 Des Newman + \$15,647,530 Rossland Road);
<u>(\$27,597,833)</u>	Reimbursed to WWLG (as of December 2024)
<u>\$8,405,105</u>	Balance owing to WWLG as of December, 2024

Since December, the Town processed an additional \$6,054,225 payment (in April 2025) so the balance owing to the WWLG at the time of this report is \$2,350,880 (= \$8,405,105 - \$6,054,225). As noted in the Financial Consideration section of this report, Council approval to increase the overall capital project budget is required to pay this outstanding amount.

Part B: Regional Works

As shown in Table 2, below, Durham Region issued invoices for works at the three (3) intersections in 2023 and 2024, totalling \$304,045. Town Engineering staff have completed the review of these invoices and have confirmed that the amounts are valid and have recommended payment.

Table 2 – Des Newman Boulevard and Rossland Road Intersection Costs

Description	Amount (Excluding HST)	Comments
Des Newman Road and Dundas Street Traffic Signals	\$77,171	Invoice 5556
Des Newman and Taunton Road Traffic Signals	\$204,328	Invoice 5557
Rossland Road and Lake Ridge Traffic Signals	\$22,546	Invoice 5296
Total:	\$304,045	Total cost of intersection works

To date, all invoices have been paid with the exception of the Rossland Road and Taunton Road Traffic Signals (totaling \$22,546 on Regional Invoice 5296). As noted in the Financial Consideration section of this report, Council approval to increase the overall capital project budget is required to pay this outstanding invoice.

Part C: Future Environmental Compensation Works

The WWLG provided an updated cost for the proposed environmental compensation work in December 2024. Town Engineering staff has completed the review of the costs and have provided final comments to WWLG.

Table 3 shows the high-level cost estimate and the recommended proportionate share of the works:

Table 3 – Environmental Compensation Works

Description	Estimate* (Excl. HST)	Town Share	MTO Share	WWLG Share
Des Newman Boulevard	\$2,566,000	\$1,049,000	\$1,517,000	\$0
Des Newman Grade Separation	\$5,726,000	\$3,145,000	\$1,736,000	\$845,000
Final Project Cost Sub-total:	\$8,292,000	\$4,194,000	\$3,253,000	\$845,000

**Note: Estimate is high level and may be subject to change*

The works and estimates included in the Environmental Compensation plan are not included in the current agreements with MTO and WWLG.

It is recommended that staff be authorized to finalize the cost sharing agreement, separately, with the WWLG and MTO for the Environmental Compensation Works required for the Des Newman Boulevard Project.

MTO Agreements and Recoveries

With the completion of the works identified in the MTO agreements, Town Engineering staff have determined the MTO share of the total \$36,306,982 of Des Newman Boulevard and Rossland Road works is \$13,099,179 (as shown in Table 4, below).

The Town has upfronted the MTO portion of the works to reimburse the WWLG in a timely manner and avoid interest/indexing costs. The Town has invoiced MTO for the cost of most of the works but to-date:

- MTO has only paid \$4,223,362 to the Town;
- \$5,114,245.73 related to Town invoice 025679 for Rossland Road works, issued to MTO on August 2, 2022, remains outstanding; and,
- \$495,060.73 related to Town invoice 027787 for Rossland Road works, issued to MTO on February 1, 2024, remains outstanding.

Based on the non-payment of invoices, the Town has temporarily suspended issuing new invoices to MTO to recover the balance works. Town Engineering staff have reached out to MTO to request an update on the outstanding amounts and have been advised that the invoices are still under review.

As of the date of drafting this report, MTO owes the Town \$8,875,817 (= \$13,099,179 MTO share - \$4,223,362 paid by MTO to-date) for payments the Town provided to WWLG for the MTO portion of the works:

Table 4 – MTO Portion of Works (excluding Future Environmental Compensation Works)

Description	Amount (Excluding HST)	Comments
MTO portion of Works for Coronation Road (Des Newman Boulevard)	\$7,489,872	A
MTO portion of Works for Rossland Road	\$5,609,307	B
MTO Portion of Works	\$13,099,179	(C = A+B)
Payments received to date	(\$4,223,362)	D
Remaining Amount to be Recovered from MTO	\$8,875,817	E = C - D

While Town Engineering staff continue discussions with MTO to finalize the costs and agree on the amount of the additional work / change orders, it is recommended that the \$8,875,817 be funded from the Town's Development Charges Roads and Related Town-wide Infrastructure Reserve Fund ("DC Roads RF") in the interim. Future collection of all or part of the \$8,875,817 from MTO will be used to replenish the DC Roads RF.

5. Financial Considerations:

As shown in Table 5, below, the Total Budget for the Des Newman Boulevard and Rossland Road works totals \$33,933,556. With the final project cost of \$36,306,983, there is a budget shortfall of \$2,373,427:

Table 5 – Budget Shortfall

Project Breakdown	Amount	
Approved Capital Projects		
WWLG Progress Payments	\$27,597,833	
Project # 40256058 WWLG - Outstanding Reconciliation Costs	\$6,335,723	
Total Approved Capital Project Budget:		\$33,933,556
Costs Incurred to Date		
Reimbursements issued to WWLG (\$27,597,833 paid as of Dec. 2024 + \$6,054,225 paid April 2025)	\$33,652,058	
Region of Durham Traffic Signals	\$281,499	
Remaining Project Commitments		
Final WWLG Reimbursement	\$2,350,880	
Region of Durham Traffic Signal (Rossland Rd. @ Lakeridge Rd.)	\$22,546	
Total Costs Incurred + Remaining Commitments:		\$36,306,983
Budget Surplus/(Shortfall):		(\$2,373,427)

It is recommended that the budget shortfall in Capital Project # 40256058, in the amount of \$2,373,427, be funded from the Development Charges (“DC”) Roads and related Town-Wide Infrastructure Reserve Fund. With the budget increase, the final WWLG reimbursement (in the amount of \$2,350,880) will be provided and the Town will pay the remaining Regional Traffic Signal invoice (in the amount of \$22,546). Further, Town staff will negotiate agreement(s) with the WWLG to close out the project, the WWLG Agreement, and indemnify each other from future claims/costs.

Subject to Council approval of this report, the DC Roads and related Town-Wide Infrastructure Reserve Fund will be reduced by \$11,249,244 for commitments as shown in Table 6 below:

Table 6 – Commitments/Reductions to DC Roads and related Town-Wide Infrastructure Reserve Fund

Description	Amount	
Budget Shortfall (see Table 5)	\$2,373,427	
Town up-fronting of MTO costs (outstanding MTO review/recovery – see Table 4)	\$8,875,817	
Commitment to Reserve Fund		\$11,249,244

The uncommitted balance in all Town Development Charges Reserve Funds was approximately \$37 million in March, 2025. **The uncommitted overall Town DC balance is reduced to approximately \$4.4 million (May 2025)** with the approval of the following: (\$ millions)

- \$11.3 Des Newman Boulevard & Rossland Road (this report, PDE 04-25 see Table 6, above)
- \$4.3 Columbus Road Phase 1 report [PDE 02-25 on the May 12, 2025 Committee of the Whole agenda](#)
- \$17.0 Construction of new Fire Hall (#6) in the May 5, 2025 [Staff Report FS 26-25](#)
- \$32.6 Additional DC Commitments in May, 2025

With the Town's DC Reserve Funds almost fully committed (e.g. approximately \$4.4 million remaining as of May 2025 + DC's collected for the balance of 2025), **it is projected that nearly all of the DC-funded projects planned for 2026 will need to be deferred to a future year.** As part of the 2026 budget exercise, staff will review the feasibility of re-prioritizing previously approved capital projects and the use of DC debt to finance growth-related infrastructure projects. However, as outlined in the Fire Hall report ([Staff Report FS 26-25](#)), it is not recommended that the Town proceed with external debt-financing of Development Charges/Growth-related capital projects at this time as the Town is currently experiencing low development growth/low DC revenue inflows due to the state of the economy and electricity distribution constraints. Accordingly, there is a risk that DC revenue inflows may not be sufficient to cover debt

servicing costs (i.e. principal and interest payments) to a financial institution for a number of years. That is, if the Town borrowed funds externally and DC revenues inflows are insufficient to fully service the debt payments, the Town may be required to use property tax dollars to temporarily supplement the fixed (DC) debt payment obligations to the external financial institutions.

6. Communication and Public Engagement:

All communication and public engagement were completed during the EA and detailed design stage for Des Newman Boulevard and Rosland Road. These engagement meetings were undertaken by WWLG.

7. Input from Departments/Sources:

Engineering Services staff will continue to collaborate with Financial Services to address project needs and issues as they arise.

8. Strategic Priorities:

This report supports Pillar 4 of the Corporate Strategic Plan by ensuring that the Town is fiscally responsible when planning for growth and delivering services that respond to community needs while balancing the impact to taxpayers.

9. Attachments:

N/A